



Spetember 28, 2015

Via Mail and Email: loren.gallagher@vriresorts.com
Loren Gallagher
25510 Commercentre Drive
Lake Forest, CA 92630

and

Trading Places International, Inc.
Attn: President
23807 Aliso Creek Rd., Suite 100
Laguna Niguel, CA 92677

RE: NOTICE OF TERMINATION AND CHANGE OF SERVICE

Dear Loren:

I am writing on behalf of the Stormy Point Village – Phase III Property Owners Association, Inc. (the “Association”). Trading Places International has failed to timely respond to and cure the Notice of Default sent on August 25, 2015. Although you sent a letter purporting to respond to the notice on August 28, 2015, that letter did not provide a full accounting and did not cure any defaults. We sent you a letter on September 18, 2015, stating as much and advising you that we still expected TPI to fully account to the Association and cure its defaults. You have chosen not to provide us with a full accounting and have not paid us any of the monies we believe were over charged. As I previously stated, based on the financial statements we have seen, it appears TPI has at a minimum over charged the Association in the first couple of years of its management of the Association. In addition, your August 28th response conceded that TPI used an inflated and improper base figure to calculate its management fees, which suggests to us that TPI has over charged the Association. You have never fully addressed these issues or provided any documentation so that we can assess the propriety of TPI’s management fees. Moreover, using your purported calculation of management fees, we have not been able to arrive at any figure that ties to the management fees TPI reported to the association on the year end financials.

We have asked TPI more than once for documentation and information regarding how it calculated its management fees so we can verify the fees TPI paid itself from Association funds

and reported to the Association. However, you have not provided us with any such documentation or information. Instead, you simply proclaimed that TPI did not over charge the Association. You otherwise completely dismissed our requests. As I said in my initial letter, we have reason to believe TPI knew it was over charging the Association for several years, but failed to bring such information to the attention of the Association. Your failure to fully account to the Association and provide us the documentation we have requested seems to confirm our suspicions and is concerning to say the least.

As the management company for the Association, TPI has certain fiduciary duties to the Association, including the duty of loyalty, the duty to fully and promptly communicate with the Association, and the duty to refrain from self-dealing and to properly account to the association. We have given you plenty of time to gather and report the documentation/information we need to evaluate TPI's management of the Association's funds and TPI's calculation of its own management fees. Such information should be readily available to TPI, but TPI has been less than forthcoming. While we reserve the right to pursue all remedies the Association has to recover fees that TPI improperly charged and/or paid itself, even if TPI has not over charged the Association, its failure to cooperate with the Association's reasonable requests for information, and failure to communicate fully and openly with the Association regarding TPI's management of the Association's funds and the fees TPI charged the Association is troubling and a breach of the management agreement and TPI's fiduciary obligations. From the Association's perspective, we cannot maintain a relationship with a management company that will not fully account to and cooperate with the Association, and which seems intent on hiding information from us. We cannot trust or do business with a company that is responsible for managing our financial affairs, but is not responsive to our requests, is not looking out for the best interests of the Association, and which appears to have been knowingly over charging the Association for years.

Due to TPI's failure to comply with our requests for a full accounting, failure to provide us with the documentation/information we need to verify your management of Association funds and the fees TPI charged the Association, and TPI's failure to timely cure its defaults, including the failure to account to the Association and to reimburse the Association for over charges, notice is hereby given that TPI is terminated effective immediately as the management company for the Association. Any and all management agreements which purport to give TPI management authority over the affairs of the Association are hereby terminated for cause.

Notwithstanding this termination, we still expect TPI to account to the Association and I look forward to receiving the documentation/information we have long requested and which TPI owes the Association. In addition, TPI is directed to immediately take whatever action is appropriate to: (i) preserve any Association funds in your custody or care; (ii) transfer all association funds to the Association or its designated agent; and/or (iii) transfer any bank accounts held in the name or for the benefit of the Association to the Association. Further, I remind you of TPI's obligations pursuant to the provisions of Section 3.5 of the Amended and Restated Sub-Management Agreement. Please return to the Association and/or Summerwinds, as applicable, all printed, written and computer generated data and reports in TPI's possession regarding the Association.

As an additional matter, and irrespective of above-notice of termination, the Board of Directors of the Association has directed Summerwinds Resort Management Company, LLC to assume responsibility for reservations for its owners immediately.

Based on this directive, Summerwinds Resort Management will assume full responsibility for all Reservation Services effective **September 30, 2015**. To accommodate Reservations already placed within the TSW (TimeShare Ware) reservation data system by TPI, Summerwinds will honor all reservations existing including the 'Bulk Banked' inventory yet unassigned. It is our understanding this unassigned inventory is schcduled through Mid-year 2016. All Stormy Point Village – Phasc III Owners requesting Reservations from TPI should now be directed to Summerwinds toll free number. [800-699-3250]

Additionally please advise your Information Technology Department that effective this same date, September 30, 2015, the domain name 'Stormypointvillage.com' will be administered by its original registrant Summerwinds Resort Services. TPI shall cease to further implement or program this domain site without approval from Summerwinds Resorts Services. You are instructed to transfer the domain of 'stormypointvillage.com' to Summerwinds Network Solutions account #34552445.

On behalf of the Association, we hereby request and expect that TPI will provide and support this change of service.

Sincerely,



Joseph Patrick Joyce
President, Stormy Point Village – Phase III
Property Owners Association, Inc.;

and

Managing Member of Summerwinds
Resort Management Company, LLC.

CC: Jim Meadows: jmcadows@lathropgage.com